

# IRS News Release

---

Media Relations Office

Washington, D.C.

Media Contact: 202.622.4000

[www.irs.gov/newsroom](http://www.irs.gov/newsroom)

Public Contact: 800.829.1040

---

## **IRS Revises Offer in Compromise Application Form**

IR-2007-50, March 5, 2007

WASHINGTON — The Internal Revenue Service announced today that the newly revised taxpayer application for an offer in compromise, the Form 656 package, is now available.

An offer in compromise is an agreement between a taxpayer and the IRS that resolves the taxpayer's tax liability. Under certain circumstances, the IRS has the authority to settle federal tax liabilities by accepting less than full payment.

"We hope that these changes help more people who qualify satisfy their tax obligations," said IRS Commissioner Mark W. Everson.

The Form 656 package was last revised in 2004 to help taxpayers correctly and completely prepare an offer and reduce the chances of the offer being returned for omissions. The new form retains the taxpayer burden reduction features while adding significant changes as a result of the Tax Increase Prevention and Reconciliation Act (TIPRA) of 2005. These changes include:

- New payment terms and submission rules;
- A new matrix to assist in determining the number of Forms 656, \$150 application fee(s), and TIPRA payments to submit to the IRS depending on the number of individuals submitting the offer, and the types of liabilities being compromised;
- A checklist, redesigned as a result of TIPRA, to help taxpayers determine if they are eligible to file an OIC before they invest time in form preparation;
- Revised Section V defining the contractual terms of the offer;
- OIC Application Fee and Payment Worksheet to determine eligibility for claiming exception to the payment of the \$150 application fee and the mandatory offer payments imposed by the TIPRA legislation;
- Form 656-PPV Periodic Payment Voucher, a removable form designed to be used to remit the required TIPRA payments to the IRS while the offer is under investigation; and
- Form 656-A, renamed Income Certification for Offer in Compromise Application Fee and Payment.

—More—

Applicants may order the package by calling the IRS toll-free at 1-800-TAX-FORM (1-800-829-3676). The Form 656 package is now available on the IRS.gov Web site in the Forms and Publications section and will be available at IRS walk-in offices shortly.